

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
Assessment and Collection of)
Regulatory Fees for Fiscal Year 1995)

MD Docket No. 95-3

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**REPLY COMMENTS OF
SOUTHWESTERN BELL CORPORATION**

Southwestern Bell Corporation ("SBC"), dba SBC Communications Inc., on behalf of its operating subsidiaries Southwestern Bell Telephone Company and Southwestern Bell Mobile Systems, Inc., submits its Reply Comments in the above-styled docket.

I. REGULATORY FEES FOR NON-MOBILE PROVIDERS OF INTERSTATE SERVICES SHOULD BE ASSESSED ON AN INTERSTATE REVENUE BASIS

The Commission's Notice of Proposed Rulemaking did not mention interstate revenues as a method for assessing the regulatory fees of non-mobile providers of interstate services, yet interexchange carriers (IXCs)¹, competitive access providers (CAPs)², and local exchange carriers (LECs)³ have suggested this alternative. Revenues present the most equitable and efficient means to calculate regulatory fees. As noted by other parties and

¹AT&T at pp. 2-3.

²Metropolitan Fiber Systems at p. 2, Teleport Communications Group at p. 5, and Cablevision Lightpath at p. 2.

³US West at pp. 2-3, National Exchange Carrier Association at p. 4, and SBC Communications at p. 2.

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described below, the customer units and the minutes of use methods proposed by the Commission create many problems and are neither easily-administered nor equitable.

Some resellers and CAPs support a revenue basis for allocating regulatory fees; however, they attempt to undermine the process by changing the interstate revenue calculation for different categories of interstate services providers. LDDS concludes that, for resellers, regulatory fees should apply only to retail interexchange products and services revenues;⁴ LDDS also suggests that this method be modified so as not to apply to LEC access services.⁵

CAPs suggest that the Commission should base its allocation on "regulated" revenues,⁶ but these CAPs are not clear that they mean all of the revenues obtained through the offering of services falling under the authority of the Commission. Teleport argues for a net revenue based allocation where common carriers would base their allocation on revenues net of payments made to other carriers.⁷ This approach is needlessly complex.

For the purpose of assessing the regulatory fees of non-mobile providers of interstate services, utilizing "total interstate revenues" from all sources properly spreads the burden of the Commission's regulatory fees to all who are regulated by the Commission.⁸ A model

⁴LDDS Communications, Inc. at p. 16.

⁵LDDS Communications, Inc. at p. 16, fn. 30.

⁶MFS at p. 6, Cablevision Lightpath at p. 5.

⁷Teleport at p. 5.

⁸SBC's Comments indicated that, for purposes of funding the regulatory fees of non-mobile providers of interstate services, it was willing to utilize total interstate revenues. SBC agrees with LDDS, however, that for other funding needs, it is not reasonable to use this allocation method and that funding allocations should be based on final output

based on total interstate revenues is currently being used by the Commission for another fee collection program (Telecommunications Relay Service) and is, therefore, the easiest method to implement for purposes of collecting regulatory fees. Development of any other model would require considerable Commission time and resources and is thus not recommended.

All parties subject to regulation by the Commission should be required to pay regulatory fees. The Association for Local Telecommunications Services (ALTS) wrongly claims that "Competitive providers simply do not benefit from 'REGULATION'."⁹ If a claim of "no benefit" were an option that would remove the responsibility of payment of regulatory fees, LECs could argue that their fees should be reduced (or even eliminated) since they do not "benefit" from the pervasive regulation that currently governs their businesses.

Numerous parties cited difficulties with the customer units method,¹⁰ as did SBC. Only NYNEX supported the minutes of use method.¹¹ Most other parties detailed the problems associated with the minutes of use proposal. For example, MCI stated that "[a] minutes-of-use measurement would require many calculations and conversions to determine minutes-of-use equivalents, to derive an estimate that would be no more accurate, yet more

services (i.e., "retail" services).

⁹ALTS, p. 2.

¹⁰LDDS at p. 30; US West at p. 4.

¹¹NYNEX at p. 2.

time consuming and costly."¹² Sprint stated that "[p]roposed minutes-of-use numbers are more difficult to obtain and audit, and, in the case of non-timed usage, are derived using an arbitrary calculation (revenues x 10). Furthermore, IXC's dispute millions of access minutes each month, and it would be extremely difficult to verify billed minutes since carriers would presumably self-report such information."¹³

II. CONCLUSION

An approach based on total interstate revenues is the simplest, most equitable, and most efficient method for allocating the regulatory fees for non-mobile providers of interstate services. Methods based on customer units or minutes of use are inherently problematical, and thus should not be utilized. Furthermore, all non-mobile providers of interstate services, including IXC's, CAP's, LEC's, Resellers, and Operator Services Providers, should be required to contribute to the funding of regulatory fees.

Respectfully submitted,

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February 28, 1995

¹²MCI at p. 3.

¹³Sprint at pp. 3-4.

CERTIFICATE OF SERVICE

I, Cheryl C. Jones, hereby certify that copies of Southwestern Bell Corporation's Reply Comments have been served by first class United States mail, postage prepaid, on the parties listed on the attached.

/s/ Cheryl C. Jones
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